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BRIEFING

The reorganisation of DG Competition

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This briefing highlights the key organisational changes to merger review in the future, specifically the first reorganisation of the directorate general for competition in 13 years.

Background

The European Commission's directorate general for competition (DG Comp) currently faces a number of challenges that will dramatically influence the way it reviews mergers in the future:

- ongoing negotiation in the Council for a recast merger regulation;
- draft notice on the assessment of mergers between competing firms ('horizontal mergers');
- draft 'best practices' on the conduct of EC merger proceedings; and
- forthcoming enlargement of the EU, which will integrate both cases and officials from ten new member states. As a result, the competition workload is forecast to increase by up to 40 per cent.

At the end of April 2003, competition commissioner Mario Monti announced a series of reforms to the organisation of DG Comp to take account of these challenges. It is the first reorganisation in 13 years. The aim is to strengthen internal checks and balances, and at the same time ensure increased rigour and objectivity of legal and economic analysis, taking account of lessons learned from a number of recent court judgments.

Sector-specific merger control

Up until now, the Merger Task Force (MTF) has been divided into five units: four of them handle current merger cases (the operating units), and the fifth is responsible for the enforcement of decisions. The envisaged changes will move merger control from the MTF to sector-specific directorates, mirroring the structures in the United States and Germany.

The MTF's four operating units will be integrated into the existing directorates:

- information, communication and multimedia;
- services;
- industry and energy; and
- consumer goods.

This is intended to lead to more specialised knowledge in these sectors, raising the quality of the Commission's case handling, and to create a 'one-stop-shop' for companies whether they want to file a merger, intervene in a proceeding or submit a complaint about a cartel or market abuse.

A smaller remnant of the MTF will remain, with the task of maintaining consistency of procedure and policy throughout the DG. It will not deal directly with any casework. A new senior position of deputy director general for mergers (as yet unfilled) has been created and will likely become a key position of influence in ensuring an overview of policy in merger control decisions.

The new structure will come into force on 1 May 2004: the date of enlargement and entry into force of the new procedural antitrust rules.

Transitional phase

For the transitional period until 1 May 2004 two entire MTF units have been transferred out and set up as separate merger units within the sector-specific directorates. Dietrich Kleemann will now head the unit dealing with merger cases in the information,

communication and multimedia sector (directorate C), while Claude Rakovsky will be responsible for mergers in the services sector (directorate D).

The MTF will progressively refer cases not handled by Directorates C or D to the other sectoral teams: industry and energy (Directorate E) and consumer goods (Directorate F). The other current MTF heads of unit, Francisco Enrique Gonzalez-Diaz, Paul Malric-Smith and Wolfgang Mederer will, for the time being, remain the main points of contact for such cases. They will also be responsible for ensuring effective co-ordination of merger control and policy across the DG, and overseeing the enforcement of competition decisions. The director of the MTF, Götz Drauz, will also remain in his position during this time. After 1 May the merger units will be dissolved so that all merger and antitrust work is fully integrated into the sector-specific directorates and units.

Economics in competition investigations

As part of the restructuring and under the influence of commissioner Monti – himself an economist – the DG has also committed itself to strengthening the role of economics in competition analysis. Lars-Hendrik Röller has been appointed to the newly created post of chief competition economist. Röller will assist in merger cases as well as antitrust and state aid investigations, introducing a more systematic internal scrutiny of issues.

He will take up the post on 1 September 2003, for a non-renewable term of three years, and report directly to Philip Lowe, the director general for competition. Röller will head a staff of approximately 10 specialised economists, who will act as consultants in individual cases and staff the internal review panels set up recently to act as ‘devil’s advocate’ in complex merger cases.

Röller is currently professor of economics at Humboldt University in Berlin. He is also director of the institute for competitiveness and industrial change at the Wissenschaftszentrum Berlin für Sozialforschung. Since 1996, he has been programme director of the industrial organisation group of the London-based Centre for Economic Policy Research (CEPR).

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